

APPEARED
ON PAGE A6WASHINGTON POST
18 May 1987

'85 Plan to Free Hostages Wasn't Ransom, White House Says

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P White House chief of staff Howard H. Baker Jr. asserted yesterday that President Reagan "did not pay ransom" in approving a 1985 plan to have American hostages in Lebanon freed through bribes of \$1 million apiece.

Baker, interviewed on NBC News' "Meet the Press," said there was "a big difference" between paying ransom money to kidnapers and the plan to buy the hostages' freedom that was disclosed at congressional hearings on the Iran-contra affair this month.

"The president has said he did not pay ransom and I believe that," Baker declared. Baker said Reagan did know of plans to supply funds "to get past checkpoints, to get past guards, to get past others," but that any description of such payoffs as "ransom" would be incorrect.

"We're dangerously close to doing what lawyers do best . . . and that's shoveling smoke," Baker said when his interviewers kept pressing the point.

The unsuccessful rescue operation, which involved use of U.S. Drug Enforcement Administration (DEA) officers and informants, has emerged as a problem for the White House. According to a June 7, 1985, memo from Lt. Col. Oliver L. North to then-national security adviser Robert C. McFarlane, the DEA had an informant who "believes that the hostages can be bribed free for \$1M apiece" under an elaborate scheme to be financed out of a bank account in Vienna.

Because of deletions in the public version of the memo, it remains unclear who was to get the money in addition to guards, but North said "it is assumed that the price cannot be negotiated down given the number of people requiring bribes." North also stressed that the \$2 million to be provided by "the donor" (Texas businessman H. Ross Perot) was expected to produce only two hostages at a rendezvous off the coast of Cyprus, and that getting the rest out in a second round of negotiations would require another "\$1M each."

Sen. Paul S. Trible (R-Va.), a member of the Senate Iran-contra

committee, has said the CIA also contributed funds to the project before it founded in May 1986, and that Congress should have been notified under legislation governing covert intelligence operations.

Baker did not deal with that issue, but he held to his position that "there really is a fundamental, fabulous difference between paying ransom to your captors in order to gain their release and thus rewarding their crime . . . versus paying money to get past checkpoints in Iran, to bribe guards and to gain the release of the hostages."

Baker also reiterated the administration's view that "the president did nothing illegal" in his support for the contra rebels in Nicaragua. Baker said that the Boland Amendment, which prohibited U.S. intelligence agencies from supporting the contras militarily, clearly did not apply to the president and perhaps not to the National Security Council.

Reagan, in an interview with three weekly news magazines released over the weekend, took the same position, saying that "there has nothing ever been in the Boland Amendment that could keep me from asking other people to help them."

"The only restriction on me was that I couldn't approve the sending of help or arms myself out of our budget money," Reagan said. As far as NSC aides such as North were concerned, Reagan said that "if we're talking about giving guidance to someone who wants to contribute and support the freedom fighters and telling them, what's the phone number or the address and how to do it, I don't think there's anything wrong with that, to my knowledge."

At that point in the interview, White House spokesman Marlin Fitzwater interrupted to say: "That is what the [congressional] hearings and the independent counsel are sorting out."

Reagan agreed, saying, "Yes, that's that they're sorting out. And to my knowledge, nothing has been established yet as being illegal."

In fact, two men, conservative fund-raiser Carl R. Channell and public relations executive Richard R. Miller have pleaded guilty within the past month to taking part in a criminal conspiracy to defraud the government by supplying military

aid to the contras under the cover of a tax-exempt charitable foundation. Both men named North as a coconspirator.

According to their statements in federal court here, Miller and Channell said North not only encouraged contributors to put up money for arms but on one occasion—with Miller—solicited a \$1 million piece of military hardware from a wealthy widow who was planning to claim the donation as a charitable tax deduction.

Reagan, who met with such contributors at the White House to thank them, said last week that "I was very definitely involved in the decisions about support to the freedom fighters. It was my idea to begin with."

He said in the news magazine interview, however, that the contributors he thanked were simply people who "brought with them some television spot ads to show me that they had raised money to buy television ads to influence the Congress to be supportive of our position."

The congressional hearings will resume Tuesday.

Republican and Democratic members of the House and Senate committees, meanwhile, voiced sharp differences yesterday over such issues as McFarlane's candor in his testimony last week and the legitimacy of the White House claim that the NSC was not covered by the Boland Amendment.

"We're still finding fact," said Rep. Dick Cheney (R-Wyo.) on ABC News' "This Week With David Brinkley," but "the hard part will be when we get to interpreting it . . . and making recommendations . . ."

Among the witnesses in the wings are contra leader Adolfo Calero and retired Air Force colonel Robert C. Dutton, a key figure in the resupply operation. Dutton was granted congressional immunity weeks ago and sources confirmed yesterday that independent counsel Lawrence E. Walsh has also arranged immunity for Dutton.